

2-01-768

**Boston
Municipal Research
Bureau**

GOVERNMENT DOCUMENTS
DEPARTMENT
BOSTON PUBLIC LIBRARY

SPECIAL REPORT

294 WASHINGTON STREET, BOSTON, MASSACHUSETTS 02108 (617) 482-3626

No. 84-5

May 17, 1984

THE BOSTON SCHOOL BUDGET FOR FISCAL 1985
A Debate Between Strengthening Programs and the City's Ability to Pay

The fiscal 1985 school budget compromise, reached between the Mayor and School Committee, addresses the need to maintain stability and strengthen school programs, while recognizing the City's limited financial resources. An appropriation of \$247.5 million requires that the School Committee adopt long range and facilities plans in order to produce savings in operational and capital expenditures. The School Department will face a potential \$18 million appropriation gap in fiscal 1986.

Original School Proposal

As a result of expensive collective bargaining contracts (+\$10.5 million) and a desire to improve and expand its regular education programs (+\$10.3 million), the Boston School Committee gave its initial approval to a \$264.5 million budget for the 1984/1985 school year, an increase of \$19.5 million or 8%. This increase would have been higher due to fixed cost and inflationary-driven increases had not the School Committee adopted \$8.1 million in savings. These savings reflect the School Department's effort to budget more precisely those accounts which are projected to have large surpluses this year.

Projected Fiscal 1984 Surplus

Analysis by the Research Bureau indicates that the School Department this year will spend \$11 million less than its authorized appropriation of \$245 million. The majority of the surplus is projected in non-salary accounts such as energy, reserve for court judgements, special education tuitions and unemployment compensation. The surplus includes \$4.2 million to fund the purchase of 125 school buses this year. The School Department acknowledges a surplus of \$8.5 million but expects to use some of it to either lease or purchase the buses. The surplus will be reduced if non-budgeted expenditures and transfers are allowed to continue. In light of the Bureau's surplus estimate, the School Committee's original request of \$264.5 million represented an increase of \$26.4 million or 11% over this year's projected spending.

Budget Negotiations

The identification of this year's school surplus and realization of the City's fiscal situation prompted School and City officials to begin negotiating separate spending and appropriation figures. At present no formal budget has been presented. On April 24th, the School Committee reduced its appropriation request to \$254.1 million. However, that represented only \$1.4 million in spending reductions and for the most part, merely suggested alternative funding sources. The request assumed that some expenses would be funded through the City's capital budget and that this year's school surplus and federal grant administration reimbursements would be available for school purposes next year. This proposal was not accepted by the Mayor.

With the Mayor proposing a \$245 million school appropriation for fiscal 1985 and the School Committee unable to agree on a figure below \$254 million, the public positions were far apart. Finally, on May 10th the Mayor, School Committee President and Superintendent met and negotiated an appropriation level of \$247.5 million. The School Committee approved the

appropriation agreement the next day. In addition, the parties agreed that the School Committee could utilize its fiscal 1984 surplus next year (\$8.5 - \$11.1 million) and its share of reimbursements from administering federal and state grants (\$1.3 million). The Mayor pledged monies from future bond issues to the school capital program. Assuming the Bureau's surplus projection and the purchase of the buses this year, this agreement would allow a spending level next year of \$255.7 million, an increase of \$17.6 million or 7.4%. The Bureau must caution that the School Department faces a potential \$18 million appropriation gap in fiscal 1986. This is a result of the use of the one-time fiscal 1984 surplus next year, coupled with the anticipated fiscal 1986 collective bargaining costs.

Recommendations

1. The City Council should approve a School Committee supplementary appropriation of \$23 million and stipulate that this amount not be added to the School Committee's statutory base of \$224.5 million. The addition of \$23 million would allow a total school appropriation of \$247.5 million for fiscal 1985, an increase of \$2.5 million. The Superintendent should now prepare a formal budget, based on School Committee policy directives, which shows how available resources will be allocated for the 1984/1985 school year.
2. The School Committee should adopt long range and facilities plans so that decisions can be made that would reduce operational and capital expenditures. Long range planning will address issues such as educational programs, consolidation of school districts, transportation needs, and school building utilization. The School Committee will hold hearings on the Superintendent's Long Range Plan in June. The Committee should adopt a final plan soon thereafter. Upon adoption of the long range plan a comprehensive facilities plan should be developed. This plan should establish a schedule of school closings and identify capital requirements over the next few years. The City's continued support of school capital programs should be contingent on the School Committee's adoption of these plans.
3. The Barron, Mary Lyon and Leen school buildings, used only for district administrative offices, should be closed by June 30th. The School Committee should locate those offices in schools now in use which have excess space.
4. The School Committee should allocate \$4.2 million of this year's appropriation surplus for the purchase of 125 buses. Bonding or leasing these buses will cost an additional \$1 - \$1.5 million in interest costs over five years. Using the surplus for the purchase of buses will require a paring down of some initiatives which may be advisable considering the potential \$18 million gap facing the School Department in fiscal 1986.
5. The School Department and City Auditor should review the school reserves for encumbrances for fiscal years 1983 and prior to determine how much can be unencumbered for other uses. These balances should be used for one-time costs, such as anticipated court judgements and not for programs next year. Any remaining balances should be reserved for fiscal 1986 needs.

Samuel R. Tyler
Executive Director

BOSTON MUNICIPAL RESEARCH BUREAU
294 WASHINGTON STREET, BOSTON, MA 02108

NON-PROFIT
BULK RATE
U.S. POSTAGE
PAID
BOSTON, MA
PERMIT NO. 9654

SERIALS
BOSTON PUBLIC LIBRARY
BOSTON, MA

02117

500